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CHAPTER II. THE FUNDS.

A. GENERAL REMARKS.

One of the peculiarities of American commonwealth* finance is the existence of the funds. Strictly speaking, there are two main classes — trust funds and state funds. The trust funds simply represent certain definite amounts of property whether in land, securities or cash, the principal of which is vested in the hands of the treasurer as trustee in order that the income arising from the productive fund may be applied to special purposes. In these trust funds strictly so called, or funds held in trust, there is nothing especially anomalous except the name. They occur in the financial operations of all governments and perform a useful function. They will be discussed below. The state funds on the other hand represent something entirely different. In the ordinary financial transactions of government it is the custom to prepare a budget giving all the receipts and then appropriating these receipts by grant among fixed objects of expenditure. Not so in the United States. In most of our commonwealths there is no general table of receipts to be appropriated by legislative grant for definite purposes. On the contrary, the receipts are divided among a number of separate accounts called funds and the expenses again are defrayed out of these various fund receipts. The treasurer consequently must keep a separate account with each fund. This fact goes far to explain the bulkiness and complexity of American commonwealth finance statistics. In reality the funds thus simply represent a method of book-keeping. In some cases the nature of the fund is apparent from its name; but it frequently happens that the only clue to the object of the fund is to be found not in the name nor in the financial

* In this essay the term commonwealth is used for the sake of convenience to include not only the states proper, but also the territories whose financial arrangements are substantially the same. Alaska is excluded. We deal, therefore, with forty-six commonwealths, as North and South Dakota did not yet exist in 1888.

reports but in the statutes. It would be difficult indeed to discover at first glance what is meant by such terms as the strangulated counties fund in Arkansas, the trustees jury fund in Kentucky, the jute revolving fund in California, the literature fund in New York, or the redemption or allotment funds in several commonwealths.

While the distinction between trust and state funds is perfectly logical very few commonwealths formally draw it. In some cases they are all called simply funds, including under this head the special deposits legally required to be made by certain corporations like insurance companies. Here they are all termed trust funds, there simply accounts. Sometimes the sinking fund is included among the trust funds, in other cases it is counted in with the funds proper. In only one case, *i. e.*, Illinois, are the funds definitely divided into state funds and trust funds; but the trust funds here represent only the accumulations from certain sources of current revenue for several years. In New York the comptroller has a special heading "trust funds" but does not include the sinking fund, while the treasurer jumbles all the funds together. The most elaborate division is made in Massachusetts, where the funds are divided into four classes *viz.*: sinking funds, trust funds, miscellaneous funds and trust deposits of corporations. But in Massachusetts there are no state funds proper *i. e.* funds where there is no principal, but which consist solely in a diversion of or participation in the commonwealth receipts. So that even the Massachusetts arrangement cannot be declared entirely satisfactory or generally applicable.

B. THE STATE FUNDS.

The number of funds is entirely arbitrary, ranging from two to forty-six. Sometimes new funds are added by every legislature when it is desired to take certain classes of receipts out of the general revenue and to place them in fixed categories beyond the reach of legislative whim. In

Michigan there were formerly the astounding number of seventy-one funds, with each of which the treasurer kept a separate account. Of these the vast majority were closed in 1875-1877.

The exact number of funds (including both state and trust funds) in each commonwealth in 1888 was as follows:—

Alabama,	5	Louisiana,	20	Ohio,	11
Arkansas,	18	Maine,	11	Oregon,	32
Arizona,	7	Maryland,	6	Pennsylvania, . . .	2
California,	41	Massachusetts, . .	16	Rhode Island, . . .	4
Colorado,	35	Michigan,	16	South Carolina, . .	2
Connecticut,	7	Minnesota,	15	Tennessee,	2
Dakota,	5	Mississippi,	9	Texas,	46
Delaware,	3	Missouri,	12	Utah,	2
Florida,	10	Montana,	4	Vermont,	4
Georgia,	3	Nebraska,	25	Virginia,	6
Idaho,	6	Nevada,	25	Washington,	4
Illinois,	7	New Hampshire, . .	7	West Virginia, . . .	4
Indiana,	16	New Jersey,	3	Wisconsin,	15
Iowa,	8	New Mexico,	9	Wyoming,	8
Kansas,	22	New York,	10		
Kentucky,	5	North Carolina, . .	2		

In Georgia and Maine we find a number of so-called funds which apply however only to expenses and simply denote so many purposes of appropriation. They must not be confounded with the funds discussed here.

The funds chiefly found in the commonwealths and the sources whence they are derived are as follows:—

1. The *General Fund* corresponds to the budget of most governments. It consists of all the ordinary receipts not especially appropriated to other funds, and thus serves as a sort of drag net of commonwealth finance. It is commonly called general fund, general revenue fund or simply revenue fund. In a few commonwealths it bears a different name. Thus it is called in Connecticut the civil list account; in Kentucky general expenditure fund; in Montana general warrant fund; in North Carolina public fund; in Texas state revenue fund; in West Virginia state fund; and in a few cases,

like Alabama, it bears no particular name but is summed up under the heading "balance available for general use." It is of course found in all the commonwealths.

2. The *School Fund* is really double in its nature. The revenue derived from ordinary commonwealth receipts like taxes, land sales, *etc.* and devoted to school purposes is commonly termed the school fund. But when the revenue is derived from a fixed principal or investment it is usually called in contradistinction the permanent school fund, or the school interest or income fund. This distinction, however, is not always strictly observed. In several cases the school fund is partly replenished from the interest on investments (although a portion of its revenue is always derived from current commonwealth receipts) while the permanent school fund occasionally receives a portion of the ordinary commonwealth receipts. In the main, however, the distinction is maintained.

The school fund proper is also known by the name of public school, state school, common school, or free school fund. But when the two terms common school fund and free school fund are used together, as in New York, the former denotes the permanent fund, the latter the school fund proper. In Idaho and West Virginia, however, the permanent fund is called the general school fund, while the non-permanent fund is called the common school fund (Idaho), or the school fund (West Virginia). In Nevada the state school fund is the permanent one; the general school fund non-permanent. In Louisiana again the free school fund is the permanent one, while the other is called simply current school fund. In Alabama and North Carolina the school fund is called the educational fund; in Indiana the school revenue for tuition fund; in Iowa and Nebraska the temporary school fund; in Kansas the annual school fund; in Michigan the primary school fund; in Mississippi the common school distributive fund; and in Texas the available school fund. In Maine we find only a permanent school fund, although there

is practically a school fund which does not appear on the books, but which is derived from a so-called school fund and mill tax, and from the income of the permanent fund. In Florida, in addition to the common school fund derived from current receipts, we find the general school one mill tax fund derived, as the name indicates, from a special tax. In Kentucky there is a white school and a colored school fund. In Mississippi there are two school funds, the old common school fund and the common school distributive fund. In Colorado there is no school fund proper, but simply a public school permanent and a public school income fund. In Connecticut, Massachusetts and Rhode Island the so-called school fund is in reality a permanent school fund and hence not included by me in the following table.

The following summary will show the sources of the school fund in each commonwealth:—

ALABAMA. Interest on surplus revenue and on sixteenth section fund, and transfer from general fund.

ARKANSAS. A percentage of state tax, and redemption of lands.

ARIZONA. Escheated estates and a portion of the state tax.

CALIFORNIA. A percentage of the property and railroad taxes, the whole poll tax, sale of geological reports, interest on \$2,858,900 bonds held in trust, interest in sales of 500,000 acres school lands, and the 16th and 36th section land grant.

COLORADO. None.

CONNECTICUT. None.

DAKOTA. Estates of deceased persons.

DELAWARE. One-quarter of tax on insurance companies, a portion of licenses, part of dividends from bank stock, a few fees, and interest on principal.

FLORIDA. Land sales, fines, escheats and stumpage.

GEORGIA. Taxes on shows and liquor dealers, fees from inspections of fertilizers, net hire of convicts, one-half

rental of the state railroad, and dividends from stock in the Georgia Railroad.

IDAHO. One per cent tax on gross receipts of toll roads, ferries, and bridges.

ILLINOIS. School tax and interest paid by state on amount of money set apart in treasury.

INDIANA. School tax, delinquent tax, interest on principal, and transfer from general fund.

IOWA. Interest from loan of permanent school fund. The state having borrowed \$245,435 of permanent school fund pays 8 per cent interest.

KANSAS. Interest on the sale of school lands, interest on bonds, back taxes and fees of certain insurance companies.

KENTUCKY. (White) tax on billiards, cards, dogs, part of bank tax, bank dividends, interest on bonds, and transfer from general fund. (Colored) part of licenses and transfer from general fund.

LOUISIANA. School tax, interest on proceeds of school lands, all funds or property (other than unimproved lands) bequeathed or granted to state, and proceeds of vacant estates.

MAINE. School fund and mill tax, and interest on bonds.

MARYLAND. Dividends and interest on stocks, and transfer from surplus revenue of treasury.

MASSACHUSETTS. None.

MICHIGAN. Sale of lands.

MINNESOTA. County taxes, stumpage and interest on bonds.

MISSISSIPPI. Poll tax.

MISSOURI. Interest on securities, and interest on one-third of ordinary receipts of general fund apportioned among the counties.

MONTANA. None.

NEBRASKA. Taxes, interest on sales of lands and bonds.

NEVADA. Receipts from counties, and interest on bonds.

NEW HAMPSHIRE. None.

NEW JERSEY. State school tax (called "general tax"), interest on investments, riparian lands, and rent of Morris Canal and Banking Co.

NEW MEXICO. Licenses on insurance agents.

NEW YORK. Special state tax.

NORTH CAROLINA. Entries on vacant lands and interest on a small balance.

OHIO. Peddlers' licenses and portion of general taxes.

OREGON. Mortgages and loans, and sales of lands.

PENNSYLVANIA. None.

RHODE ISLAND. None.

SOUTH CAROLINA. None.

TENNESSEE. None.

TEXAS. School ad valorem and school poll tax, sale and lease of lands, one-quarter of special occupation tax, interest on bonds, interest from railroad companies, and transfers from state revenue account.

UTAH. None.

VERMONT. None.

VIRGINIA. None. (But share of each tax definitely reserved for schools).

WASHINGTON. None.

WEST VIRGINIA. Sale and redemption of lands, tax on premiums, and money loaned to treasury.

WISCONSIN. School land sales, escheats, penalties for trespass, county fines against penal laws, payments for exemption from military duty, and 5 per cent on net sales of United States lands.

WYOMING. None.

From this summary it appears that in the majority of the commonwealths the school fund is derived from a special state tax, a percentage of the general taxes, or the sale of lands; while in the remainder a wide diversity of sources is employed. In twelve cases the receipts are derived partly from a principal. But in only seven of these — California,

Delaware, Illinois, Indiana, Maine, Maryland and New Jersey — does the principal form a part of the school fund proper. In the other five cases — Kansas, Minnesota, Missouri, Nevada and Texas — the principal forms a part of the permanent school fund to be discussed below. In twelve of the commonwealths there is no school fund proper, *i. e.*, no fund derived wholly or mainly from current state revenue. This, of course, does not imply that the expenditure for education in these twelve cases is any the less on this account.

3. The *Permanent School Fund* is, properly speaking, a fund for school purposes derived from permanent investments. With the exception of Connecticut, Rhode Island and Massachusetts, there is no permanent school fund unless there exists side by side with it a school fund proper, as explained above. In Idaho and West Virginia it is termed general school fund; in Louisiana free school fund; in New York common school fund; in Colorado public school permanent fund; in Nevada state school fund; in Connecticut, Massachusetts and Rhode Island school fund. In Mississippi it is called common school fund old account, as opposed to the common school fund distributive (the non-permanent fund). As an actual fact, however, the fund is derived entirely from permanent investments only in five cases. In a number of instances the permanent school fund is replenished, and in a few cases it is entirely derived, from other sources than permanent investments. The word permanent school fund is of course in such cases a misnomer, serving only to confuse ideas. The following summary shows the sources of the fund:—

ARKANSAS. Estrays and sale of saline and seminary lands.

COLORADO. Sale of lands.

CONNECTICUT. Consists of principal.

IDAHO. Sale of school lands, legacies, and estates of deceased persons.

IOWA. Sale of property indebted to the fund, which is sent out to counties to be loaned.

KANSAS. Sale of school lands, sale of bonds, and estates of deceased persons.

LOUISIANA. Sale of land and interest on bonds.

MASSACHUSETTS. Consists of principal.

MINNESOTA. Interest on principal, portion of taxes, and stumpage.

MISSISSIPPI. Consists of principal.

NEBRASKA. Land and bond sales.

NEVADA. Land sales, county taxes, and interest on bonds.

NEW YORK. Interest on principal.

RHODE ISLAND. Interest on principal.

TEXAS. Land sales, and interest on principal.

WEST VIRGINIA. General school tax, fines, railroad tax, interest on deposits and on principal.

It is thus seen that, of the sixteen cases where the permanent school fund is found, only in three cases, *viz.* Arkansas, Colorado and Idaho, is the fund income derived entirely from current revenue; while in all the rest the receipts represent mainly or entirely the interest on the permanent investment. In five commonwealths, Connecticut, Massachusetts, Mississippi, New York and Rhode Island, the receipts are derived entirely from the principal. If we deduct the three cases above, we find that there are really thirteen commonwealths with a permanent fund, properly so called.

While it is only in these thirteen cases that we find a permanent fund proper, yet there are a number of commonwealths which have a separate account about tantamount to this, and known as

4. *The School Interest (or Income) Fund.* This fund is derived generally in whole, sometimes only in part, from the interest or income of the principal invested in securities or deposited in bank. It corresponds, therefore, to the permanent school fund. In fact, in only one state, Colorado, is there both a permanent school and school income fund, and this is owing solely to the fact that the funds are derived in

both cases not from interest on the principal, but from separate sources of current revenue. The school income fund is found in nine commonwealths; but in two of these, Massachusetts and Connecticut, there is no formal school income fund, but only a school fund with two accounts,—a principal and an income account. In California it is called state school land fund; in Michigan primary school interest fund; in Missouri state school moneys.

The sources of the fund are as follows:—

CALIFORNIA. Sale of 16th and 36th sections, and 500,000 acre land grant.

COLORADO. Lease of lands, interest on investment warrants, and transfer from public school lease fund.

CONNECTICUT. Interest on so-called school fund.

FLORIDA. Interest on common school fund.

MASSACHUSETTS. Interest on school fund.

MICHIGAN. Interest on sale of lands, and trespass collections.

MISSOURI. Interest on school fund, and one-third of the ordinary revenue.

OREGON. Interest on notes for mortgages on principal.

WISCONSIN. Interest on school fund, interest on back land sales, and one mill school tax.

It is thus seen that only in California is the fund derived from current revenue. Deducting this case and also Connecticut and Massachusetts (which already figure above in the permanent fund account) there remain six cases under this head. If we add to the thirteen cases above (where there is a true permanent school fund) these six cases we find nineteen commonwealths in which there is really a permanent school fund. If to these nineteen cases we add the seven commonwealths, mentioned above, pages 359–360, where the school fund is partly replenished from the interest on a principal held by the school fund itself (and not by the permanent fund), we find twenty-six commonwealths where there is a

principal devoted to school purposes. These principals are, properly speaking, trust funds, and are therefore included by me as such in Table II below. But as there is absolutely no uniformity in the commonwealth accounts it has been thought best to discuss them in this place.

5. The *University Fund*, as the name implies, is devoted to the state university. It is derived in most cases from a special tax, or a portion of the general state taxes. In Indiana it is called university permanent endowment fund; in Minnesota general university fund; in Nebraska temporary university fund; in Texas available university fund. In Ohio it is called the state university endowment fund, and in California the state university fund; while the so-called university fund in these two cases corresponds to the university interest fund in other commonwealths. In Michigan the so-called university fund, and in Minnesota, Nebraska and Texas, the so-called permanent university funds which exist in addition to the university fund proper are in reality university land funds, and therefore included under that head by me. In Nevada it is called the state university fund, as opposed to the university 90,000 acre grant fund and the contingent university fund which properly fall under Class 6 below. The sources of the fund are as follows:—

ARIZONA. Portion of state tax.

CALIFORNIA. One per cent tax on property.

COLORADO. Portion of state tax.

INDIANA. Special tax, and delinquent taxes.

KANSAS. Portion of state taxes, insurance fees, and sales of university land.

MINNESOTA. Portion of state taxes, stumpage, interest on principal, and transfer from general fund.

NEBRASKA. Interest on land sales and leases, portion of state taxes, and interest on principal.

NEVADA. Portion of state taxes, and interest on the sale of lands.

OHIO. Interest on principal.

OREGON. One-tenth mill tax.

TEXAS. Interest on land sales and leases, matriculation fees and transfer from revenue fund.

WISCONSIN. One-half of swamp land sales.

Thus in all these twelve cases with but one exception, Ohio, the fund is derived wholly or chiefly from taxes; and in this one exceptional case solely from interest on the principal. In most instances the two following funds are nothing but variations of the university fund proper. Thus

6. The *University Interest (or Income) Fund* is, properly speaking, derived from the income of the university fund. But, in reality, in five of the seven commonwealths in which it exists it is derived from other sources, mostly the interest on land sales. In California, moreover, it is called the university fund. In Nevada there are really two such funds, one the (university) interest account 90,000 acre grant derived from interest on land sales, the other the contingent university fund derived from interest on bonds and on deferred land payments. The sources of the fund are as follows:—

CALIFORNIA. Interest on principal.

INDIANA. Collections on loans.

KANSAS. Interest on principal and on school land sales.

MICHIGAN. Interest on university fund, and transfer from specific tax fund.

NEVADA. Interest on land sales from the 90,000 acre grant, and on bonds.

OREGON. Taxes.

WISCONSIN. Special tax, and interest on university land certificates and loans.

WYOMING. A portion of general taxes.

Finally there is a university fund derived in almost every case from land sales exclusively, and therefore called

7. *The University Land Fund.* This fund exists in nine commonwealths, although it is called university fund in Michigan, university fund 90,000 acre grant in Nevada, permanent university fund in Minnesota, Nebraska and Texas, and college land scrip fund in New York. In every case it is derived wholly from land receipts, except that in Minnesota a small additional revenue is yielded by stumpage, and in New York the revenue is derived from interest on a large principal and devoted to Cornell University. In the other eight commonwealths, *viz*: Alabama, Colorado, Indiana, Michigan, Nebraska, Nevada, Oregon and Texas, the fund as just stated is derived from land sales or leases. In Colorado there are in reality three separate land funds, known respectively as university land permanent, university land income, and university land lease funds. It is difficult to conjecture the reason of this triple existence, as the receipts are all derived from the same source, land, and devoted to the same object, the university.

Some of these university funds, in so far as they are really permanent, *i. e.*, consist of a principal, are in reality trust funds and will be found in Table II below.

8. *The Agricultural College Fund* is found in eighteen commonwealths and is devoted to the support of the state agricultural college. In Colorado it is known as the agricultural college permanent fund; in Illinois and Indiana the college fund; in Iowa, Kansas and Nebraska agricultural college endowment fund; in Kentucky and Texas agricultural and mechanical college fund; in Mississippi the agricultural land scrip fund. In Illinois it consists of certain book accounts set apart in the treasurer's books on which an annual 6 per cent interest is paid.

The following summary shows the sources of the fund:—

ALABAMA. Fees of agricultural department.

COLORADO. A portion of taxes.

CONNECTICUT. Securities.

- FLORIDA. Interest on principal and produce of state farm.
ILLINOIS. Interest on principal.
INDIANA. Collection of loans, and land sales.
IOWA. Land sales from college land grant.
KANSAS. Payment of bonds, and land sales.
KENTUCKY. Transfer from general fund.
MICHIGAN. Sale of lands.
MISSISSIPPI. Interest on principal. (Exact figures of receipts not given.)
NEBRASKA. Sale of lands.
NEW HAMPSHIRE. Interest on principal.
NEW JERSEY. Interest on bonds, devoted to Rutger's College.
OREGON. Mortgages and land sales.
TEXAS. Interest on state bonds.
VERMONT. Interest on principal.
WISCONSIN. One half of swamp land sales.

It is seen, therefore, that in most cases the fund is derived from land sales, and only in five instances from interest on investments. In seven of the commonwealths where it is not derived from a principal there exists side by side with it a fund known as :

9. *The Agricultural College Interest (or Income) Fund.* This, as the name indicates, is derived with one exception from a principal and is, properly speaking, a trust fund. The amount of the principals will be found in Table II. In Indiana it is called college fund interest.

The sources are as follows in the seven commonwealths : —

- COLORADO. Lease of lands.
CONNECTICUT. Interest on principal.
INDIANA. Interest on loans.
IOWA. Interest on land sales and on bonds.
KANSAS. Interest on land sales and on bonds.
MICHIGAN. Interest on land sales, and trespass collections.
OREGON. Taxes.

WISCONSIN. Interest on agricultural college land certificates, and loans.

10. The *Normal School Fund* is devoted to the maintenance of the state normal school. In Massachusetts it is called the Todd normal school fund; in Nebraska the normal endowment fund. It is found in only six commonwealths with sources as follows: —

ARIZONA. Portion of general revenue.

KANSAS. Land sales and payment of bonds.

MASSACHUSETTS. Bonds.

MICHIGAN. Sale of lands.

NEBRASKA. Sale of normal school lands.

WISCONSIN. One-half sale of swamp and overflowed lands.

Of course in most of the other commonwealths there is a special appropriation for the support of the normal school defrayed out of the general expenses.

In the five cases where a principal exists the revenue from this principal is known as:

11 The *Normal School Interest (or Income) Fund*, the receipts of which are devoted to the same purpose. In Massachusetts it is known as the income Todd normal school fund; in Nebraska the normal interest fund.

The sources are as follows: —

KANSAS. Interest on land sales and bonds.

MASSACHUSETTS. Interest on principal.

MICHIGAN. Interest on lands.

NEBRASKA. Interest on land sales and on bonds.

WISCONSIN. Interest on swamp land certificates and loans.

12. The *Seminary Fund* is devoted to the maintenance of the state seminaries or academies. It is found in five cases: Florida, Illinois, Maine, Mississippi and Missouri. In Maine there exist three such funds, known as academy funds. In all cases, except Florida (where the income is from land sales), the fund consists of a principal on which interest is

paid. In Florida there is also a seminary interest fund, derived from interest on the seminary fund.

13. The *Sinking Fund* is devoted to the payment of the interest and redemption of the commonwealth debt. In many cases the state constitutions require, or definitely fix the amount of, the sinking fund. It is found in twenty-six commonwealths. It is not found in the other twenty cases, because in seven of these: Colorado, Illinois, Montana, New Mexico, Utah, Washington and West Virginia, there is no debt; because in one case, Iowa, there is a perpetual debt; while in the remaining twelve cases: Alabama, Connecticut, Georgia, Kansas, Mississippi, New Hampshire, New Jersey, North Carolina, Tennessee, Texas, Vermont and Wisconsin, the same ends are attained by regular appropriations from the general fund. In Arkansas it is called interest fund; in Arizona interest and sinking fund; in Louisiana interest tax fund; in Michigan two million loan sinking fund; in Oregon Indian war debt fund; in Wyoming bond tax fund.

In Florida there are two sinking funds, known as sinking fund bonds of 1871, and sinking fund bonds of 1873. In Massachusetts there are seven sinking funds known as bounty loan, coast defence loan, prison and hospital loan, Massachusetts war loan, commissioners of public land, Boston Hartford and Erie R. R. loan, and Troy and Greenfield R. R. loan sinking funds. In Kansas and Nevada the sinking fund proper is for redemption purposes only, while there is a separate interest fund to pay the interest on the debt. In Maryland the sinking fund proper is smaller than the two special sinking funds. In Minnesota the internal improvement land fund is set apart by law as a sinking fund, while the old redemption fund is now transferred to the general fund. In New York, where the canal debt forms almost the whole of the debt, the canal debt sinking fund is the only sinking fund. This sinking fund has a large principal, but the income from this principal is included in the so-called

canal fund which is replenished mainly from taxes and spent partly in maintaining the canals, partly in paying the interest and principal of the canal debt.

The sources of the fund in the twenty-six commonwealths are as follows:—

ARKANSAS. Portion of state tax, liquor licenses, sales and redemption of lands (especially real estate bank lands), and interest on principal.

ARIZONA. Portion of general taxes.

CALIFORNIA. Portion of property tax, and of railroad tax.

DAKOTA. Transfer from general fund.

DELAWARE. Licenses of oyster vessels, rent of oyster grounds, and fines for violating oyster laws.

FLORIDA. Interest on principal.

IDAHO. Bonds.

INDIANA. No receipts in 1888.

KANSAS. Part of taxes.

KENTUCKY. Portion of general taxes and interest on principal.

LOUISIANA. Special state tax.

MAINE. Interest on principal.

MARYLAND. Dividends and interest on principal.

MASSACHUSETTS. Dividends and interest on principal.

MICHIGAN. Interest on principal.

MINNESOTA. Sale of lands, stumpage and interest on principal.

MISSOURI. Special state tax and interest on principal.

NEBRASKA. Portion of taxes, and transfers from other funds.

NEVADA. Portion of taxes.

NEW YORK. Interest on principal, and special state tax (canal fund).

OHIO. Sale of lands and part of taxes.

OREGON. Portion of taxes.

PENNSYLVANIA. One-half of tax on capital stock of corporations, commutation of tonnage tax, and interest and sale of principal.

RHODE ISLAND. Interest on principal.

VIRGINIA. Railroad dividends, and interest on principal.

WYOMING. Taxes.

It is seen therefore that in thirteen cases the sinking fund consists in whole or in part of a permanent principal, and is hence really a trust fund. In the other thirteen cases the fund is a pure state fund, *i. e.*, constituted from year to year and fed from various ordinary receipts.

14. A *Special Sinking Fund* exists in several of the commonwealths, in addition to the sinking fund proper. In two cases, however, Colorado and Texas, it is found without any regular sinking fund.

The designation, sources and purposes of the special sinking funds are as follows:—

ARKANSAS. *Special sinking fund*. From taxes. For redemption of state bonds.

CALIFORNIA. *War bond fund*.

COLORADO. Two *county R. R. bond sinking funds*. From county taxes. For interest and redemption of county R. R. bonds (under general statutes 1883, Sec. 119).

KANSAS. *Interest fund* (as opposed to sinking fund). From taxes. For payment of interest on debt.

LOUISIANA. (1) *Interest and redemption \$5.00 bonds fund*. From taxes.

(2) *Redemption valid school certificates fund*. From taxes. For sinking of special debts.

MARYLAND. (1) *Sinking fund for redemption of the treasury relief loan*. From interest on principal. For sinking of a special debt.

(2) *Sinking fund for redemption of defence redemption loan*. From interest and redemption of principal.

MICHIGAN. *War fund*. From transfer. For payment of interest on war bounty loan bonds.

NEVADA. (1) *Interest fund* (as opposed to sinking fund). From taxes.

(2) *Insane interest and sinking fund.* From taxes.

TEXAS. (1) Seven *interest and sinking funds county bonds.*

(2) Six *interest and sinking fund city bonds.* From subsidy taxes and transfers.

15. The *Internal Improvement Fund*, derived from the sale of lands, is found in four commonwealths: Arkansas, Colorado, Minnesota and Mississippi. It is called internal improvement land fund in Colorado and Mississippi. In Minnesota it is found side by side with the internal improvement land fund which acts as the sinking fund. We find, in addition, in Colorado an internal improvement income fund and in Minnesota an internal improvement land interest fund.

16. The *Swamp Land (or Swamp Land Indemnity) Fund* is derived generally from the sale of swamp lands and is used mainly for roads and bridges, although in a few cases also for educational purposes. It is found in eleven commonwealths: Arkansas, California (eight swamp land district funds), Indiana, Iowa, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Ohio and Oregon.

17. The *Sixteenth Section Land Fund* is derived from the sale of lands reserved in every sixteenth section of the public domain, and is devoted in most part to educational purposes. It is found in Alabama, Arkansas and Ohio, and is properly a trust fund.

18. The *Live Stock Sanitary (or Indemnity) Fund* is devoted to the protection of cattle, and is derived from current revenue or a special tax. It is found in six western commonwealths: California, Colorado, Dakota, Montana, New Mexico and Wyoming. In Colorado it is called stock inspection fund; in New Mexico quarantine fund. In Montana there is in addition a stock inspector and detective fund.

19. The *Prison (or Penitentiary) Fund* is derived mainly from the earnings of the state prisons. It is found in eleven

cases: Arkansas, California, Colorado, Connecticut, Kansas, Kentucky, Missouri, Nebraska, Nevada, New Mexico and Wyoming. In Colorado it is termed convict labor fund; in Connecticut Dorsey state prison fund. In California there are three prison funds.

20. The *Lunatic Asylum Fund* is derived generally from current revenue. It is found in nine cases: Arkansas, Colorado, Kansas, Maine, Missouri, Nebraska, Nevada, Texas and Wyoming. In Arkansas the fund has been closed during the past year.

21. The *Blind Fund*, devoted to the support of the blind, is found in California (adult blind fund), Colorado (mute and blind fund) and Texas (available blind asylum fund).

22. The *Escheats Fund*, or moneys derived from escheats, is found in eight cases: California, Colorado, Illinois, Indiana, Michigan, Missouri, Oregon and Texas. In California it is called estates of deceased persons fund; in Illinois unknown and minor heirs fund; in Missouri executors and administrators' fund. In Indiana we find in addition an unclaimed estates fund.

23. The *Capitol (or State House) Building Fund* is found in ten commonwealths: Colorado, Idaho, Indiana, Kansas, Louisiana, Nebraska, New Mexico, Oregon, Texas and Wyoming. In Louisiana it is called repairs state-house fund; in New Mexico capitol contingent interest fund. It is fed from the current receipts in all cases except New Mexico, where it is derived from a principal.

24. The *Library Fund*, derived generally from fees, is found in six cases: California, Connecticut, Idaho, Kansas, Louisiana and Nebraska. In Connecticut it is called state librarian fund.

25. The *Militia (or Military) Fund* is found in six cases: Colorado, Kansas, Louisiana, Missouri, New York and Oregon. In Colorado it is called military poll fund; in New

York military record fund. It is fed from current receipts in all cases except New York, where it is derived from a principal and devoted to the bureau of military statistics.

26. The *Literary* (or *Literature*) *Fund*, devoted to educational purposes, is found in New Hampshire, New York and Virginia. In New Hampshire it is fed from the receipts of the non-resident savings-bank tax; in the remaining cases from interest on a principal.

27. The *Levee Fund*, for the maintenance of the levees, is found in Arkansas and Louisiana. In Arkansas the fund has just been closed. In Louisiana there are five levee funds. The expenses of repairing the levees are defrayed out of the general engineer's fund and a property tax not to exceed five mills. In the fifth Louisiana levee district an additional tax of five cents may be levied on each acre of land, and in case of necessity a special assessment of not exceeding fifty cents on each bale of cotton. The commissioners of this district have vested in them the lands granted by Congress for levée and drainage purposes, and may borrow money up to \$500,000.

28. The *United States Deposit Fund*, composed of the moneys distributed by Congress in 1837, is kept intact only in Vermont and New York. In New York it is devoted to the instruction of school teachers and examinations. In Vermont it is held to the credit of towns.

29. The *Oyster Fund*, devoted to the protection of oysters, is found in Louisiana and Maryland. In the latter case it is fed from dredging licenses, and oyster measures and fines.

30. The *Fertilizers' Fund* is found in Louisiana and Massachusetts, although there are several other commonwealths where a large revenue is derived from a tax on sale of commercial fertilizers.

31. The *Soldiers' Relief Fund* is found in Minnesota and Oregon. Most of the other commonwealths provide for pensions out of the annual appropriations.

32. The *State School Book Fund*, derived from the sale of school books furnished by the commonwealth, is found in California and Minnesota.

33. The *Land Sales Fund*, derived from the sale of public lands, is found in Indiana, Oregon and Texas. In Oregon there are three such funds, known as state land, tide land and 5 per cent U. S. land sale funds. In Texas there are seven such funds.

34. The *Public Building Fund* is found in Colorado, Oregon and West Virginia. In Colorado there is both a permanent and an income fund.

35. The *Jury Fund*, devoted to jury expenses in counties, is found in Kentucky and Utah. In Kentucky it is called trustees jury fund, and fed from jury fines and fees.

36. The *Insurance Fund* is found in California, Colorado and Kansas.

37. The *Bennington Monument Fund*, derived from investments and subscriptions, is found in Massachusetts and Vermont.

38. The *Surplus Revenue Fund*, consisting of balances above appropriations, is found in Indiana and New Hampshire.

Besides the funds above stated we find a number of funds for educational purposes, which are peculiar to each commonwealth. Thus, besides the three (in reality two) kinds of school funds already mentioned (Nos. 2, 3, 4), we find in a few other cases additional funds devoted to school purposes. In Colorado we find a *school of mines fund*, an *industrial school fund* and a *public school lease fund*, i. e. a fund derived from the lease of school lands. All these are derived from land sales or leases. In Kansas there is a *reform school fund*.

In Maine there is a *school district No. 2 fund*, and a *Mada-waska territory school fund*, each derived from the interest on

a small principal (\$1000 and \$5000) held by the state. In Massachusetts there are two *technical education funds*, one a commonwealth grant, the other a United States grant. The principals amount to \$141,575 and \$219,000 respectively; and the receipts for 1888 to \$5,509 and \$10,950 respectively. There is also an *Indian school fund* applied by eight towns to the Indians, and derived from Massachusetts' share of the surplus revenue of the United States in 1837. In Mississippi there is a *Chickasaw school fund*, with a principal of \$817,360. In Ohio we find a *Virginia military school fund*, a *United States military school fund*, and a *Western reserve fund*, with principals of \$192,962, \$120,272, and \$257,499, and receipts of \$11,780, \$7,216, and \$15,447 respectively. In Texas there is a *Peabody school fund*, with an income of \$1,014 from a principal.

So in the same manner with university funds. We find in California besides the university and the state university funds a *university consolidated perpetual endowment fund*, consisting of bonds held in trust, with receipts of \$175,000. In Colorado, besides the university and the three university land funds, we find a small *university special fund* derived from county treasurers' receipts.

Again, in Colorado, besides the agricultural college and the agricultural college income fund, we find an *agricultural college permanent fund* fed by land sales and an *agricultural college special fund* derived from fees of the board of agriculture.

Finally, in Nebraska, besides the normal endowment and normal interest fund, we find a *normal building fund* fed by taxes and a *normal library fund* fed by fees.

The following table includes all the funds, except the educational funds just given, which are not common to two or more commonwealths. Each of them, unless otherwise stated, is derived from a portion of the general receipts.

ALABAMA. *Strangulated county fund.* This has reference to five counties which have become so heavily indebted

through stock subscriptions to railroads that the state taxes raised in these counties have been appropriated by law to the payment of the debt, and form a special fund for this purpose.

ARKANSAS. *Excess fund*, two *R. R. funds*, *R. R. back tax fund*. Of these the first three were closed by an act of 1887, together with the levee fund and lunatic asylum fund. There are also the *tax due counties fund*, *tax due cities fund*, *county interest*, and *city interest fund*, all of which refer to sale of lands in the respective counties and cities, and rightfully belonging to them.

CALIFORNIA. *San Francisco harbor improvement fund*, *election reward fund*, *state drainage construction fund* (from special one-half mill tax on property), *jute revolving fund* (from sale of jute fabrics made in the state prisons), *mining bureau fund* (from ten per cent tax on certificates of stock corporations), *leprosy fund*, *construction fund drainage district No. 1* (from one-half mill tax on property in district, and tax of one-half cent upon each miner's inch of water of each twenty-four hours' run used during the year), *railway tax fund* (the portion of the R. R. taxes going to counties, and distributed to them by the treasurer), *Yosemite fund* (from fees), *fish commissioners' fund* (from fees), *bank commissioners' fund* (from special bank tax), *relief of James Saultry fund* (from special donation).

COLORADO. *Land commissioners' cash fund* (from fees), *penitentiary land permanent fund* (from land sales), *penitentiary land income fund* (from land leases and interest on principal), *saline land permanent and income funds* (from land sales and leases).

CONNECTICUT. *Town deposit fund*.

DAKOTA. *Bond fund* (from sale of bonds), devoted to education, prisons and charitable institutions.

FLORIDA. *Experiment station fund* (from an appropriation from the U. S.), devoted to agricultural purposes.

ILLINOIS. *Local bond fund*, composed of bonds of localities registered by law in auditor's office. The commonwealth government receives the amount of interest in general taxes, and distributes the money to each fund proportionately.

INDIANA. *Excess of bids sinking fund*.

IOWA. *Commissioners of pharmacy fund* (from fees).

KANSAS. *Reform school fund*, *idiotic and imbecile asylum fund*, *deaf and dumb institute fund* (all three from earnings of the institutions), *veterinary fund* (from taxes).

LOUISIANA. *General engineer fund* for levee purposes (from taxes), *levee and drainage fund* (special tax), *charity hospital fund*, *judicial expenses fund* (from fees).

MAINE. Two *Indian funds*, *lands reserved for public uses fund*. All derived from interest on a principal.

MASSACHUSETTS. *Harbor compensation fund* and *commonwealth flats improvement fund* each devoted to harbor purposes (from a principal), three miscellaneous funds known as *Lyman*, *Mary Lamb* and *Fay funds* consisting of small principals kept in trust, *Roger's book fund* devoted to state industrial school (from a principal).

MICHIGAN. *St. Mary's Falls Ship Canal fund* (from special levy), *specific tax fund* (consisting of the receipts from the specific taxes), *sundry deposits* accounts devoted to refunding land deposits (from miscellaneous land receipts).

MINNESOTA. *Forestry fund* (from one mill tax) to encourage timber culture, *state institution fund*, *grain inspection fund* (from fees).

MISSISSIPPI. *Privileges fund* (from privilege taxes), *railroad privileges fund* (from railroad taxes of which two-thirds go to the counties).

MISSOURI. *Road and canal fund* (from U. S. treasury according to acts of March 6, 1820, and February 28, 1859).

MONTANA. *Sheep inspector and indemnity fund*.

- NEBRASKA. *University library fund* (from fees), *state bonds fund*, *reform school building fund*, *institute for feeble minded fund*, and *saline land stock yard fund*.
- NEVADA. *State orphan home fund*, *district judges' salary fund*, and *judicial salary fund*.
- NEW HAMPSHIRE. *Teachers' institute fund* (from interest of principal), *unclaimed savings banks deposits fund*, *Fisk legacy* and *Kimball legacy funds*.
- NEW MEXICO. *Penitentiary interest fund* (from principal).
- NEW YORK. *Woman's monument fund* (from subscriptions according to law of 1886, chap. 196), *mariners' fund* (consisting of \$10,000 lent by state without interest to the American Seaman's Friendly Society).
- OHIO. *Ministerial fund*.
- OREGON. *Insane asylum building fund*, *incidental fund*, *executive legislative and judicial funds*, *convict fund*, *fugitive fund*, *indigent fund*, *Indian war fund*, *university building fund*, *printing fund*, and *university tax fund*.
- RHODE ISLAND. *Touro fund* (a bequest invested in bank stock).
- SOUTH CAROLINA. *Treasury reserve fund* (composed of balances to the credit of four miscellaneous accounts).
- TEXAS. *County tax fund* and *unorganized county tax fund* (from taxes), *redemption of lands fund* and *cost of advertising lands fund* (within unorganized counties), *certificates of public debt fund*, *collectors' cost fund*, *tax titles fund*, *special loan tax fund*, *state cost redemption fund* (in organized counties), *available deaf and dumb asylum fund*, *state land board expense fund*.
- VERMONT. *Huntington fund* (from interest on a principal; income apportioned to towns).
- VIRGINIA. *Miller fund* (from a principal).
- WASHINGTON. *Coal mining fund* (from tax on coal), *special railroad fund* (from two-thirds of railroad taxes which are distributed to towns).

WISCONSIN. *Drainage fund* to drain the swamp lands and make bridges (from one-half the sales of swamp lands), *delinquent tax fund*, *deposit fund* (from redemption of lands sold), *St. Croix and Lake Superior trespass fund*, *allotment fund* (for the volunteers of 1862), *Ward and Smith fund* (a special legacy paid to orphans).

WYOMING. *University building fund*, *insane asylum tax fund*.

The following Table I will show the separate receipts into each of the more important funds, exclusive of balances, for the last ascertainable fiscal year. In but very few cases do the financial reports contain a summary of all fund receipts, so that it has been necessary to construct the table from the separate details of each fund account. Moreover, the results as given in the official reports are frequently almost worthless for comparison because they include transfers from fund to fund. The items transferred are thus counted twice. In isolated cases like Michigan the receipts of the funds are divided into revenue and not-revenue receipts, the latter meaning receipts from transfers. But in most instances it remains for the student to make the laborious computation. In New York, *e. g.*, the general fund receipts includes an item of \$2,305,734 which is then transferred to the canal fund, the amount being counted in the receipts of both funds and in the expenses of the general fund. Similar instances are innumerable. The table here given contains the receipts of each fund exclusive of transfers except in the cases specifically designated in the summary. South Carolina and Washington are omitted because there are no receipts except into the general fund in these cases. In New Hampshire the receipts of the general fund include those of the other funds. In Alabama, Georgia and Maine the receipts of the general fund include those of the school fund apportioned to the counties. The amounts of the school fund so included are Alabama \$375,000; Georgia \$334,171; Maine \$372,703.

The following summary represents the transfers from fund to fund:—

COLORADO. \$90,836 from public school lease to public school income.

KENTUCKY. \$919,111 from general revenue to white school.

\$181,250 from general revenue to sinking.

\$19,750 from general revenue to A. & M. College.

\$129,638 from general revenue to branch penitentiary.

LOUISIANA. \$13,950 from general engineer to levee.

\$5,500 from sinking funds to general.

MICHIGAN. \$605,109 from agricultural college, normal school, primary school, specific tax, swamp land, university, and two million dollar loan sinking funds to general.

MINNESOTA. \$4,350 from revenue to university.

\$1,650 from revenue to internal improvement.

\$16,076 from revenue to grain inspection.

\$29,951 from a few miscellaneous funds to general.

MISSOURI. \$586,336 from state revenue to school moneys.

\$779,025 from state interest to sinking.

\$185,790 from state interest to school moneys.

\$27,722 from state interest to seminary moneys.

NEVADA. \$55,320 from school and university to general.

NEW YORK. \$2,305,734 from general to canal.

\$13,841 from common school to general.

\$100,000 from U. S. deposit to common school.

\$31,000 from U. S. deposit to college and scrip.

TEXAS. \$254,000 from state revenue to school.

\$125,000 from state revenue to university.

WISCONSIN. \$766,154 from general to educational income.

C. THE TRUST (OR INVESTMENT) FUNDS.

The trust funds which consist of a principal or invested securities are far less in number than the state funds proper. It is hard to understand this nomenclature. Properly speak-

ing a trust fund is a fund of definite amount held in trust by the commonwealth for a definite purpose. Yet this definition applies exactly to many of the state funds which, whether so called or not, are really permanent funds. The arrangement of the finance statistics in the commonwealths involves so much discrepancy in this respect as to produce hopeless confusion. We nowhere find any principle, any logical system. The only possible course which can extricate us from this labyrinth is to take every fund which consists in whole or in part of a principal, and to call this principal the trust fund (or better still the investment fund) as opposed to the state funds. In other words every trust fund is a permanent fund, and every permanent fund is a trust fund. The two terms are mutually inclusive. The commonwealths, as we know, do not follow this plan, but include many of the permanent funds among the state funds, thus landing us in a chaos of bewilderment. In our discussion of the state funds above, we have attempted to indicate which of them are properly speaking to be regarded as trust funds. The trust funds in this sense represent so much assets to be set off against the commonwealth indebtedness. The purposes to which they are applied are with but few exceptions education and sinking the debt. Only in four cases: Delaware, Georgia, Maryland and New Jersey, does the commonwealth itself (or general fund) own a principal devoted to general state purposes. Delaware and New Jersey have theirs invested in bonds and stock. Georgia owns \$35,000 shares of Georgia R. R. and Banking Co., \$8,500 of Southern and Atlantic Telegraph Co., \$66,132 bonds of Marietta and N. Georgia R. R. Co., together with some worthless shares in two banks and one railroad. It also owns the Western and Atlantic Railroad Company, from which it derives a rental of \$300,000.

Maryland owns, in addition to \$2,062,318 held for the sinking and school funds, \$33,428,319 of corporation and municipal stock, including several debts. Of this, however, \$28,126,034 is unproductive, consisting mainly of principal

and interest of certain canal and railroad companies, leaving only \$5,302,286 productive stock to the credit of the commonwealth. Even this amount includes \$1,600,000 due for taxes *etc.*, so that the nominally immense funds really shrink to less than six millions.

The following Table II, together with the summary annexed, contains the amount of every fund which consists of a principal. The financial reports are extremely defective, and it is with the greatest difficulty that the table has been constructed.

In addition to the figures given in Table II, the following trust funds are found (the figures representing the principal):

COLORADO.	Penitentiary,	\$2,093
	Public building,	8,379
	Public school lease,	23,749
IDAHO.	School,	4,134
MAINE.	Lands reserved for public uses, . . .	164,176
	Penobscot Indian,	73,828
	Passamaquoddy Indian,	25,939
	Madawaska territory school,	5,000
	District No. 2 school,	1,000
	Insane hospital,	50,000
MASSACHUSETTS.	Harbor compensation, . . .	178,264
	Commonwealth flats improvement, . . .	37,657
	Technical education, commonwealth grant, . . .	141,575
	Technical education, U. S. grant,	219,100
	Roger's book fund,	1,000
	Lyman, Mary Lamb and Fay funds (known as miscellaneous funds),	58,632
	Lands, <i>etc.</i> pledged for payment of debt, . .	5,975,000
MICHIGAN.	Primary school 5 per cent,	785,579
MISSISSIPPI.	Chickasaw school,	817,360
	Swamp land,	142,400
MISSOURI.	Local school,	7,016,332
NEVADA.	General school,	19,856

NEW HAMPSHIRE.	Teachers' institute,	51,020
	Fisk legacy,	26,378
	Kimball legacy,	6,753
NEW YORK.	U. S. deposit,	4,017,221
	Military record,	39,121
	Literature,	284,201
	Mariners',	10,000
	Woman's monument,	42
OHIO.	Ministerial,	118,201
	Virginia military school,	102,962
	U. S. military school,	120,272
	Western reserve school,	257,499
	Ohio university,	9,072
	Swamp land indemnity,	23,478
RHODE ISLAND.	Touro,	31,031
VERMONT.	Bennington battle,	13,165
	U. S. deposit,	12,037
	Huntington,	209,729
VIRGINIA.	Literary,	1,960,049

It is thus seen that in six commonwealths: Maryland, Massachusetts, Minnesota, Missouri, Pennsylvania and New York, the funds amount to an immense sum. Those of Maryland have just been shown to be more imaginary than real. Those of Missouri and Minnesota aggregate such a large figure only because in Missouri the local school fund of \$7,016,332 is counted in, and because in Minnesota the permanent school fund is abnormally large. As to the three remaining cases the following explanation can be given: In Pennsylvania there is only a sinking fund. In Massachusetts a distinction is made between the sinking funds, three miscellaneous funds, and the trust funds properly so called; but as Massachusetts stands alone in this respect, I have included all three classes in the table. The principal of the so-called "trust funds," which include the school, harbor compensation, flats improvement, two technical education and book

funds, amounts to \$3,299,322. In New York recent laws authorize the comptroller to invest the moneys of the chief funds in city, county, town, and village bonds of New York, as well as in commonwealth and national securities; and, furthermore, permit him to dispose of any of these securities at his discretion, and to exchange them for securities of other funds. In the case of the canal debt sinking fund the consent of the commissioners of the canal fund becomes necessary.

The auditors and comptrollers of the various commonwealths uniformly report that the principals of the funds are invested in safe and satisfactory securities. In New York the comptroller makes a slight exception as to a mortgage of \$200,000 lately acquired for the United States deposit fund. It is significant that the comptroller of New York still maintains that this fund is "held by the people of the state as trustees merely," that the state "may be required to return the principal at any time," and that it "can use only the income," but "must keep the principal intact." In this respect New York stands alone; for, with the possible exception of Vermont, none of the commonwealths looks upon its portion of the distribution of the surplus revenue in 1837 as anything but a gift which has already been spent. Even in New York the fund exists to a great part only in name. A large portion, \$1,754,976, was put into the hands of county commissioners to be loaned out. The comptroller calls the system of loaning moneys (according to the law of 1837) "crude and complicated and, at the present time, unsatisfactory," and characterizes the methods as "unbusinesslike, not to say suspicious." In reality, any attempt to realize the principal would meet with disastrous failure. We must, therefore, seriously qualify the comptroller's statement that the principal is invested in safe and satisfactory securities.

In some other cases, as the college fund in Indiana, the permanent school fund in Iowa, the school fund in New Jersey *etc.*, the principal is loaned out in a similar manner.

The financial reports do not give definite information as to the security of these loans, but it may well be doubted whether the principal is intact in all cases. In Kansas this doubt is probably shared by the treasurer also, for he finds the funds so vast that he recommends the appointment of a special loan commissioner to care for their judicious investment.

D. THE TRUST DEPOSITS.

The *Trust deposits* in various commonwealths are deposits made according to law chiefly by insurance companies for the purpose of securing the policy holders. They are held in trust by the treasurer and rarely bear any interest.

In New Jersey every railroad on filing articles of incorporation must deposit \$2,000 per mile of the total proposed mileage. There is an analogous provision in Ohio.

The trust deposits in the commonwealths are as follows:—

CONNECTICUT. Insurance companies,	\$50,000
GEORGIA. Insurance companies,	1,175,000
ILLINOIS. Trust companies,	400,000
KANSAS. Insurance companies,	110,000
MAINE. Insurance companies and mutual aid societies,	158,124
MASSACHUSETTS. Insurance companies and mutual aid society,	1,480,425
MINNESOTA. Loan and trust companies, . . .	600,000
NEW JERSEY. Insurance companies,	200,000
Riparian leases,	1,009,758
Special railroad deposits,	169,857
OHIO. Insurance companies,	2,628,524
Railroad companies,	331,500
Banks,	90,975
OREGON. Insurance and express companies, . .	2,000,000
VERMONT. Insurance companies,	209,997
VIRGINIA. Insurance companies,	143,500
WISCONSIN. Insurance companies,	377,000

From the preceding survey it will be seen what a complicated and unnecessary feature of commonwealth finance the funds form. The objection applies less strongly to the permanent or trust funds; but as to the state funds proper, which are simply methods of book-keeping, no criticism can be too harsh. The growing complexity of accounts has of late awakened even the commonwealth officials themselves, and we find from year to year an ever increasing chorus of complaints from the executive officers.

In Nebraska the auditor finds the laws too complicated. He shows that every legislative session sees the creation of new funds, and finds the condition well nigh intolerable. He recommends that at least eleven of the funds be amalgamated into one fund. The New York comptroller, whose predecessor in a special report of 1885 recommended the abolition of the common school fund, repeats the recommendation with the further observation that "this fund is a cumbersome and obsolete species of financial apparatus." In Oregon the treasurer calls especial attention to the dwindling funds, and shows the absurd condition of affairs by stating that some funds have for years had nominal balances, one so little as thirty-three cents. In despair he cries out, "The remedy for these overburdened funds is to transfer them all to the general fund." It may, indeed, be said that there is absolutely no need of the vast majority of state funds.

Accepting, however, the funds as an existing evil, there is room for immense improvement in presenting the statistics. Every commonwealth should draw a sharp distinction between the trust funds or permanent funds which represent its assets, and the temporary funds which merely participate in the ordinary receipts. Furthermore, in all cases where the sinking fund is a permanent fund there should be a separate heading for this. Without such a separation it will be impossible to attain any clearness in the presentation of the statistics. The student will find his path bristling with difficulties which it has been the object of the preceding pages to remove as much as possible.